

# INSURANCE DIVISION[191]

## Adopted and Filed

Pursuant to the authority of Iowa Code section 502.202(24)“g” and section 502.305(2) as amended by 2016 Iowa Acts, House File 2394, section 2, the Insurance Division (the Division) hereby amends Chapter 50, “Regulation of Securities Offerings and Those Who Engage in the Securities Business,” Iowa Administrative Code.

Iowa Code chapter 502 is the Iowa Uniform Securities Act, which regulates the sale of securities in Iowa. The amendments bring the rules into accordance with Iowa Code section 502.305 as amended by 2016 Iowa Acts, House File 2394, related to the fee charged for filing a registration statement or a notice filing under Iowa Code section 502.305. The amendments also update many citations and provide other general updates to Chapter 50.

Notice of Intended Action was published in the Iowa Administrative Bulletin on August 3, 2016, as **ARC 2668C**. A public hearing was held on August 23, 2016, and written comments were accepted through that date. No comments were received. These amendments are identical to those published under Notice except that an implementation sentence has been added at the end of new rule 191—50.70(502) in Item 4.

These amendments are subject to waiver consistent with the waiver provisions provided at 191—Chapter 4.

These amendments impose no fiscal impact to the State.

After analysis and review of this rule making, no impact on jobs has been found.

These amendments are intended to implement Iowa Code chapter 502 as amended by 2016 Iowa Acts, House File 2394, section 2.

These amendments shall become effective November 2, 2016.

The following amendments are adopted.

ITEM 1. Amend paragraph **50.60(3)“b”** as follows:

*b.* Payment of the applicable fee under Iowa Code section ~~502.302(1)“a” as amended by 2015 Iowa Acts, House File 632.~~ 502.302(1)“a.”

ITEM 2. Amend subrule 50.60(4) as follows:

**50.60(4)** Amendments to notice filings are made on Form NF and are effective upon receipt by the administrator. Withdrawal or termination of a notice filing is made by filing Form NF or providing the administrator with notice of the withdrawal or termination in a similar format. An amendment, withdrawal, or termination is effective upon receipt by the administrator of the required notice and all fees required by Iowa Code section ~~502.302(1)“a” as amended by 2015 Iowa Acts, House File 632.~~ 502.302(1)“a.”

This subrule is intended to implement Iowa Code section 502.302 ~~and 2015 Iowa Acts, House File 632.~~

ITEM 3. Amend subrule 50.60(6) as follows:

**50.60(6)** An investment company that makes a notice filing under subrule 50.60(2) and that pays an initial \$400 filing fee under Iowa Code section 502.302(1) “a” ~~as amended by 2015 Iowa Acts, House File 632;~~ shall pay a \$400 renewal fee prior to the notice filing’s annual renewal date. Notice filings that are not renewed by the annual renewal date shall expire.

This subrule is intended to implement Iowa Code section 502.302 ~~and 2015 Iowa Acts, House File 632.~~

ITEM 4. Adopt the following new rule 191—50.70(502):

**191—50.70(502) Fee for securities registration filings under Iowa Code section 502.305.** Except as provided in Iowa Code sections 502.302(3) and 502.304A(3) “g,” a person who files a registration

statement or a notice filing pursuant to Iowa Code section 502.305 as amended by 2016 Iowa Acts, House File 2394, section 2, shall pay the following fees:

**50.70(1)** For the initial filing, \$400 for one year; and

**50.70(2)** On each anniversary date of the initial filing, an annual renewal fee of \$400.

This rule is intended to implement Iowa Code section 502.305.

ITEM 5. Amend rule 191—50.90(502) as follows:

**191—50.90(502) Intrastate crowdfunding exemption.**

**50.90(1)** *Purpose and authority.*

*a.* The purpose of this rule is to set out the requirements, procedures and fees relating to the registration and conduct of intrastate crowdfunding, as established by Iowa Code section 502.202 as amended by 2015 Iowa Acts, House File 632, section 3.

*b.* This rule is authorized by Iowa Code ~~section~~ sections 502.202 and 502.605 and Iowa Code section 502.202 as amended by 2015 Iowa Acts, House File 632, section 3, and is intended to implement 2015 Iowa Acts, House File 632.

**50.90(2)** *Definitions.* For purposes of this rule, the definitions in Iowa Code chapter 502 as amended by 2015 Iowa Acts, House File 632, and the following definitions shall apply unless the context requires otherwise:

*“Administrator’s Web site”* means the Web site of the Iowa insurance division, [www.iid.iowa.gov](http://www.iid.iowa.gov).

*“Issuer”* means a person that has filed a certificate of formation with the Iowa secretary of state and is authorized to do business in Iowa and has been approved by the administrator as a crowdfunding issuer pursuant to paragraph 50.90(8) “a.”

*“Management”* means an issuer’s directors or executive officers or the individuals who perform such functions for the issuer.

*“Portal Web site”* means the Internet Web site through which a registered Iowa crowdfunding portal provides intrastate crowdfunding offers and sales of exempt securities in Iowa.

*“Purchaser”* means an investor or person that purchases crowdfunding securities through an Iowa crowdfunding intermediary.

**50.90(3)** *Intermediary registration.* To act as a registered intermediary as defined and required by Iowa Code section 502.202 as amended by 2015 Iowa Acts, House File 632, section 3:

*a. and b.* No change.

**50.90(4)** *Iowa crowdfunding portal registration.* To request administrator approval of a registration as an Iowa crowdfunding portal as defined and required by Iowa Code section 502.202 as amended by 2015 Iowa Acts, House File 632, section 3, a person shall submit all of the following to the administrator:

*a. to d.* No change.

**50.90(5)** No change.

**50.90(6)** *Duties of an Iowa crowdfunding portal.*

*a.* No change.

*b. Background and regulatory checks.* Prior to offering securities to residents of Iowa, the Iowa crowdfunding portal shall conduct a reasonable investigation of the background and regulatory history of each issuer whose securities are offered on the portal Web site and of each of the issuer’s control persons. “Control persons” for purposes of this subrule means the issuer’s officers or directors; other persons having the power, directly or indirectly, to direct the management or policies of the issuer, whether by contract or otherwise; and persons holding more than 20 percent of the outstanding equity of the issuer. The Iowa crowdfunding portal shall deny an issuer access to the portal Web site if:

(1) The issuer or any of its control persons are subject to a disqualification under Iowa Code section 502.202 as amended by 2015 Iowa Acts, House File 632, section 3, ~~[new Iowa Code section 502.202(24) “b”(5)]~~ section 502.202(24) “b”(5) or this rule;

(2) and (3) No change.

*c. to e.* No change.

*f. Enforcement of investment limits.* The Iowa crowdfunding portal shall take reasonable measures to ensure that no purchaser exceeds the sales limits set forth in Iowa Code section 502.202 as

~~amended by 2015 Iowa Acts, House File 632, section 3 [new Iowa Code section 502.202(24) “c” and “d”]. section 502.202(24) “c.”~~

*g. Administrator access.* The Iowa crowdfunding portal shall provide the administrator purchaser-level access at all times to the portal Web site, pursuant to Iowa Code section 502.202 as amended by 2015 Iowa Acts, House File 632, section 3 [new Iowa Code section 502.202(24) “g”(8)]. section 502.202(24) “g”(8).

**50.90(7)** No change.

**50.90(8)** *Duties of a crowdfunding issuer.*

*a. Notice to administrator.* Pursuant to Iowa Code section 502.202 as amended by 2015 Iowa Acts, House File 632, section 3, at least 30 days prior to the offer of any security in this state in reliance upon the exemption provided by this rule, the crowdfunding issuer shall file with the administrator for approval a crowdfunding exemption notice application form, available on the administrator’s Web site.

(1) and (2) No change.

*b. and c.* No change.

**50.90(9) to 50.90(13)** No change.

This rule is intended to implement Iowa Code section 502.605 and section 502.202 as amended by 2015 Iowa Acts, House File 632.

[Filed 9/8/16, effective 11/2/16]

[Published 9/28/16]

EDITOR’S NOTE: For replacement pages for IAC, see IAC Supplement 9/28/16.